

**LEGISLATIVE SERVICES AGENCY
OFFICE OF FISCAL AND MANAGEMENT ANALYSIS**

200 W. Washington, Suite 301
Indianapolis, IN 46204
(317) 233-0696
<http://www.in.gov/legislative>

FISCAL IMPACT STATEMENT

LS 6085

BILL NUMBER: SB 476

NOTE PREPARED: Nov 4, 2012

BILL AMENDED:

SUBJECT: Choice Scholarship Eligibility.

FIRST AUTHOR: Sen. Eckerty

BILL STATUS: As Introduced

FIRST SPONSOR:

FUNDS AFFECTED: X GENERAL
DEDICATED
FEDERAL

IMPACT: State & Local

Summary of Legislation: This bill removes the requirement that a student attend a public school for at least two semesters immediately prior to receiving the Choice Scholarship.

Effective Date: July 1, 2013.

Explanation of State Expenditures: The bill could increase the number of students that are eligible to receive the Choice Scholarships.

For FY 2012, there were about 34,702 students attending private schools and were eligible for free or reduced lunch. The students would be eligible for a scholarship equal to 90% of the tuition support of the school corporation where the student resides, with a maximum scholarship of \$4,500 for elementary schools. It is unknown how many additional students might qualify for the 50% scholarship because their family income is between the 100% and 150% of free and reduced lunch thresholds. The average scholarship for FY 2012 was about \$3,989 and \$3,932 for FY 2013.

The potential future impact after FY 2014 when there is no longer a limit on the number of scholarships could be about \$136.5 M (34,702 students * \$3,932), if 34,702 students became eligible for Choice Scholarships.

Background: The maximum number of scholarships for the 2011-12 school year was 7,500, and the maximum number of scholarships for the 2012-13 school year is 15,000. The following table has the number of scholarships and value of those scholarships for FY 2012 and FY 2013.

Fiscal Year	Number of Scholarships	Value of Scholarships	Average Scholarship
2012	3,911	\$ 15.6 M	\$3,988.75
2013	9,130	\$35.9 M	\$3,932.09

Explanation of State Revenues:

Explanation of Local Expenditures:

Explanation of Local Revenues: The bill could reduce the school formula revenue for local schools. Currently, the Choice Scholarship grants are paid from the savings in tuition support since the students attended public schools the year before and would probably be built into the school tuition support projections for CY 2014 and CY 2015. The addition of students into the program who were not included in the tuition support projections could cause the total distribution for the school formula, Choice Scholarship awards, and the Mitch Daniels Early Graduation Scholarships to exceed the tuition support appropriation. If distributions exceed the appropriation, then schools' school formula distributions would be proportionately reduced.

State Agencies Affected: Department of Education.

Local Agencies Affected: Schools.

Information Sources: Department of Education databases.

Fiscal Analyst: Chuck Mayfield, 317-232-4825.